

August 2, 1979

Mr. L. G. Otteman  
Chairman, Offshore Operators Committee  
P. O. Box 60124  
New Orleans, Louisiana 70160

Dear Mr. Otteman:

Your letter of March 23, 1979, raises certain questions about the applicability of our pipeline safety regulations (49 CFR Parts 192 and 195) to offshore pipelines in light of the jurisdictional limitations set forth in the memorandum of understanding (MOU) between the Department of Transportation and the Department of the Interior on the regulation of offshore pipelines.

As you know, the regulations in Section 192.1 and 195.1 were amended in 1976 to reflect the delineation of offshore responsibility expressed by the MOU. It is our view that these amendments are wholly consistent with the purposes of the MOU. The minor differences in terms between the regulations and the MOU were adopted merely for drafting convenience or to state provisions of the MOU in a regulatory format. The differences were not intended to depart from the meaning of the MOU, and they should not cause interpretive problems because the wording of the regulations is controlling in determining the applicability of Part 192 or Part 195 to an offshore pipeline. The MOU should not be used for that purpose except as an aid in explaining the meaning of the regulations where necessary.

You have asked whether the regulations apply to pipeline located wholly in State waters. With respect to offshore pipelines, Section 192.1(b) or 195.1(b) excludes from the scope of Part 192 or 195 only those pipelines lying upstream from certain production facilities that are located on the outer continental shelf (OCS). Offshore pipelines located wholly in State waters are not subject to the exclusionary provisions of Section 192.1(b) or 195.1(b), since no part of the pipelines would lie upstream from an OCS facility. Therefore, pipelines wholly in State waters would be subject to the DOT regulations if they fall within the scope of those regulations as stated in Section 192.1(a) or 195.1(a).

You also ask whether removal at production platforms of small volumes of gas to operate instruments, safety devices, and small pumps would mean that produced hydrocarbons are "first separated" as intended by Section 192.1 or 195.1, even though principal separation, dehydration, or other processing occurs at a facility farther downstream. The separation to which Sections 192.1 and 195.1 refer is a type of processing of hydrocarbons for purposes of

their further transportation by pipelines. This type of processing does not include separation of minor amounts of gas exclusively for the purpose of running instruments or equipment.

As to whether Part 192 or 195 applies to pipelines carrying both oil and gas at the same time, since these pipelines present the problems of both a gas and liquid line, the regulations that prescribe the most stringent requirements for the commodity to which they apply would be the regulations applicable.

The following refers to the three examples appended to your letter:

In the first example, the pipeline shown by a dashed line between platform A and platform B would come under DOT jurisdiction because the commodity transported by that pipeline is "first separated, dehydrated, or otherwise processed" at platform A, which lies upstream. The introduction of additional produced and processed hydrocarbons into the pipeline farther downstream at platform B does not alter the fact that at platform B the pipeline already carries a commodity that has been initially processed at an upstream facility.

With respect to example 2, the dashed line appears to represent a pipeline that returns separated gas to a production platform for usage there rather than for further transportation to shore. As such, this pipeline is not used in the "transportation of gas" within the meaning of that term in Part 192 and thus would be outside the scope of the regulations.

The pipeline in example 3 that begins at the outlet flange of a facility of the OCS and runs to a facility in State waters where processing occurs would be regulated by DOT. This pipeline would not fall outside the scope of either Part 192 or 195 because the downstream facility where "first" processing occurs is not located on the OCS.

Regarding your statement that the MOU has not eliminated duplications of regulation because USGS still applies all of its pipeline regulations of each producer operated pipeline subject to DOT regulation, if you would furnish us with particulars about this matter, we would then be able to discuss the problem with USGS and attempt to resolve it.

If we can be of further assistance to you, please let us know.

Sincerely,

/signed/

Cesar DeLeon  
Associate Director for  
Pipeline Safety Regulation  
Materials Transportation Bureau